

Message Text

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20

ACTION EUR-25

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PM-07 INT-08 SCEM-02 DODE-00 PA-04

USIA-15 PRS-01 NIC-01 DRC-01 /187 W

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R 080455Z JAN 74

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 7160

INFO AMEMBASSY BELGRADE

USMISSION BERLIN

AMEMBASSY BONN

/.-EMBASSY BUCHAREST 1680

AMEMBASSY BUDAPEST

/AMEMBASSY LONDON 936

AMEMBASSY MOSCOW

AMEMBASSY PARIS

/AMEMBASSY PRAGUE 1819

AMEMBASSY SOFIA

AMEMBASSY VIENNA

USMISSION USNATO BRUSSELS

AMCONSUL POZNAN

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E.O. 11652: GDS

TAGS: PFOR, PL, US , ENRG

SUBJECT: US-POLISH RELATIONS: YEAR-END ASSESSMENT:

THE ENERGY CRISIS

REF: WARSAW 0070

1. IN A PECULIAR WAY,

THE WORLD WIDE ENERGY CRISIS HIGHLIGHTS THE EXCELLENT

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POSITION OF THE GIEREK LEADERSHIP. WHETHER BY HISTORICAL

LUCK OR BY DESIGN AND WISDOM, GIerek now stands tall as on uniquely qualified to claim the credit for placing Poland in an excellent position with regard to energy. A former coal miner himself and the son of a coal miner, as the long-time leader of the party in Silesia he worked patiently, forcefully, and effectively for the development and modernization of Poland's coal mines. Since taking over the national leadership, he has been a strong advocate against some opposition, of the development of extensive new coal deposits in the Lublin area.

2. In recent year, some Polish economists have argued that it would be more economical for Poland to switch from coal rather than invest heavily in developing and modernizing its mining of coal. Moreover, there were arguments that the Polish coal industry was inefficient and that an overpaid privileged class of miners was being created. Gierek stubbornly maintained his stand in favor of coal-- and his local constituency in Silesia-- and is now in a position to point to the correctness of his policies. In his miners' day speech at Zabrze in Silesia on December 3, Gierek noted that mining is the leading Polish industry and emphasized that Poland would continue to develop her coal resources, would base a dynamic expansion of the power industry on newly discovered deposits of brown and bituminous coal, and would conduct intensive scientific research into the gasification and liquefaction of coal.

3. The joint Polish-FRG announcement on December 14 that Poland will sell electric power to the FRG is a graphic illustration of the benefits that should result from Poland's large electric-generating capacity based on well and wisely developed coal resources.

4. The other side of the coin is Poland's near total dependence on imports for its petroleum requirements. Since the Soviet Union supplies 85 percent of these, as well as nearly all of Poland's natural gas, the energy crisis and soaring world oil prices obviously give the Soviet Union greater leverage in its economic relations with Poland. The Polish-Soviet Trade Protocol for 1974, signed on December 28, provides for a

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continuation of Soviet petroleum exports to Poland at previously fixed prices. (Although the projected amount of petroleum involved has not been published, the implication is that it will not fall below the 1973 level. We note that petroleum exports from the Soviet Union to Poland increased by 24 percent from 1971 to 1972. We think it likely that there was a similar large increase in petroleum imports from the USSR in 1973.)

DAVIES

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NNN

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